



U.S. Department of Energy
Energy Efficiency and Renewable Energy

Developing and Negotiating Contracts

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Agenda

- Contract components
- Developing contracts
 - Who should be on your team?
- Negotiating contracts
- Summary



Contract Components

- Technical
- Financing (ESCo financed...or third party)
- Energy savings guarantee
- Measurement and verification protocol
- Additional services (maintenance)



Technical

- Energy Conservation Measures (ECMs)
- Facility Improvement Measures (FIMs)
- Be involved early in the process
- Get what you want



Financial

- Lease with non-appropriation clauses
- ESCo funded
- Third party financing
 - Another contract
 - Another set of negotiations with another party



Energy Savings Guarantee

- How much is it?
- Based on what info?
 - Current costs
 - Future costs with escalation factor
- Different methodology between ECMs
 - Calculated
 - Stipulated



Measurement and Verification

- What happens if the savings fall short?
- What happens if you exceed savings?
- Adjustments for
 - Weather
 - Price changes
 - Occupancy changes
 - Facility



Additional Services and Requirements

- Maintenance
- Your responsibilities through the term
- Is there an out clause for you?
 - What is the impact on the equipment?
 - What happens to guarantee?



Developing Contracts

- ESCo's contracts
- Other customer's contracts (DCAM)
- Energy services coalition (www.escperform.org)
- Create your own using other contracts as a guide



Who should be on your team?

- Technical buyers
- Financial buyers
- Contractual/Legal buyers
- Final decision maker/ Approver



Negotiating Contracts

- Technical
- Financial
- Contractual
 - Ts and Cs (Terms and conditions)

Three concurrent paths, not one at a time!!!



Summary

- Establish your team early
- Be involved throughout the process
- Understand what you're buying
 - Initially and long term
- Understand your responsibilities throughout the term